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APR 17 1957

Director of Personnel  
Comptroller

Chief, Audit Staff

Report of Audit of Potomac Recreation Association  
1 September 1954 - 28 February 1957


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1. Subject report is attached for your consideration and for the administrative action by the Association as requested in paragraph 9.

2. The Director of Personnel should inform this office of the action taken. If you have any comments or questions concerning the report, we should appreciate receiving them.



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REPORT OF AUDIT  
OF  
POTOMAC RECREATION ASSOCIATION  
FOR THE PERIOD  
1 SEPTEMBER 1954 - 28 FEBRUARY 1957

1. This report covers the audit of the Potomac Recreation Association for the period 1 September 1954 through 28 February 1957.

2. Originally the Potomac Recreation Association was organized by Agency employees in order to participate in non-Agency recreational programs. On 1 September 1954 the Association became the responsibility of the Office of Personnel and a part of the Agency's welfare and recreation program. The Association is governed by an Executive Committee composed of a president, executive vice-president, operational vice-president, secretary and treasurer.

3. The financial aspects of the Association for the audit period are shown in Exhibit A - Statement of Source and Use of Funds. This statement was prepared from the records of the Association. Because of limitations on the scope of our work discussed below, we are unable to express an opinion whether the statement presents fairly the financial condition of the Association at 28 February 1957 or the results of its operations for the audit period.

4. The records maintained by the Association were inadequate. As a result, with the exception of grants received from the CIA Welfare Assistance Board, we were unable to verify receipts or the propriety of disbursements. (See paragraphs 5, 6 and 7.) We recommend that the Technical Accounting Staff be requested to provide a suitable accounting system for the Association.

Comments on Audit

5. Copies of cash receipts issued to members of the Association upon the collection of assessments were not retained in the Association's files and the total amounts collected were not recorded on the books or deposited in the Association's bank account. The Association should use prenumbered duplicate cash receipt forms, the original to be given as a receipt and the duplicate retained for the Association's files. Also, regular periodic bank deposits of amounts collected should be made in such a manner that each deposit may be traced back to a specific numerical sequence of receipts.

6. Proceeds from smokers were usually reflected in net amounts only. Consequently, gross receipts and expenses paid from such receipts could not be verified. In the future, prenumbered tickets should be used, gross receipts should be deposited to the bank account, and expenses should be paid by Association checks supported by invoices.

7. In excess of fifty percent of the Association disbursements were supported only by explanations on check stubs. In those instances where there were supporting invoices, the propriety of many of the disbursements was still inconclusive due to payment of part of the invoiced amount from unrecorded cash receipts. Also, the Association had not established a policy for the authorization

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and approval of disbursements. We recommend that the total of each invoice be paid by an Association check and be retained in the files, and that a policy be established for the authorization and approval of disbursements.

8. The present constitution of the Association does not conform to its current organization and activities. We suggest that this constitution be revised and, also, that consideration be given to transferring the office of Association treasurer to the Chief, Employees Services Branch, who has duties of a similar nature. This change would locate the operational vice-president and the treasurer of the Association in adjoining offices.

#### Administrative Action Requested

9. The matters commented upon in this report which, in our opinion, require administrative action by the Association are summarized:

- a. Request the Technical Accounting Staff to provide a suitable accounting system. (Paragraph 4)
- b. Use prenumbered duplicate receipt forms and make bank deposits systematically. (Paragraph 5)
- c. For smokers, use prenumbered tickets, deposit gross receipts in the bank, and pay expenses by Association checks supported by invoices. (Paragraph 6)
- d. Pay the total of each invoice by an Association check and retain invoices in the files. Also, establish a policy for the authorization and approval of disbursements. (Paragraph 7)
- e. Consider revising the present constitution and transferring the office of Association treasurer to the Chief, Employees Service Branch. (Paragraph 8)

## Potomac Recreation Association

## Statement of Source and Use of Funds

For the Period

1 September 1954 - 28 February 1957

(Prepared from the Records of the Association)

Source of Funds

Cash received from treasurer of original employees' group who established Association, unexpended at 1 September 1954 .....	\$ 278.77
Grants received from CIA Welfare Assistance Board .....	1,935.00
Assessments collected from members to defray the costs of:	
Franchise fees of various leagues .....	558.09
National Rifle Association membership and charter .....	180.00
Girls' basketball team uniforms .....	136.05
Golf instructions .....	80.00
Proceeds from smokers (net) .....	112.77
Total funds to be accounted for .....	<u>\$3,280.68</u>

Use of Funds

League franchise fees .....	\$1,515.00
Trophies and awards .....	496.20
Sports equipment .....	244.35
National Rifle Association membership and charter .....	200.00
Donations to Pentagon Choral Club .....	200.00
Purchase of piano .....	153.00
Ammunition, targets, and range rental for rifle club .....	126.80
Referee and umpire fees .....	105.00
Golf instructions .....	80.00
Publications and postage .....	16.25
Swimming club expense .....	15.00
Cash shortage <u>a/</u> .....	13.35
Total .....	<u>\$3,165.55</u>
Cash in bank, 28 February 1957 .....	\$ 49.13
Cash on hand, 28 February 1957 .....	<u>66.00</u>
Total funds accounted for .....	<u>115.13</u>
Total funds accounted for .....	<u>\$3,280.68</u>

a/ Represents unaccounted for cash according to the Association's cash records. However, since these records were inadequate, we could not determine whether a cash shortage actually exists.